

## Message Text

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PAGE 01 ISTANB 00900 281956Z  
ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01  
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R 271115Z MAR 78  
FM AMCONSUL ISTANBUL  
TO SECSTATE WASHBC 9798  
AMEMBASSY ANKARA  
AMCONSUL IZMIR  
/AMCONSUL ADANA 1532

UNCLAS ISTANBUL 0900

C O R R E C T E D C O P Y (ADDING EO TAGS SUBJ LINES)

E.O. 11652: N/A  
TAGS: EFIN, TU  
SUBJECT: BANKER ESTIMATES ON TURKEY'S 1978 BALANCE OF PAYMENTS

1. RICHARD GEORGE, CITICORP RESIDENT VICE PRESIDENT, IN A SPEECH  
TO BUSINESS GROUP MARCH 23 GAVE THE FOLLOWING BREAKDOWN OF TURKEY'S  
NEEDS AND SOURCES FOR FOREIGN EXCHANGE IN 1978. NEEDS (\$US MILLIONS):  
A) DEBT SERVICE ON CONSOLIDATED STATE DEBT 270; B) DEBT SERVICE TO  
INTERNATIONAL INSITUIONS 150; C) OVERDUE BANKER CREDITS 200;  
D) MATURING CONVERTIBLE LIRA DEPOSIT PRINCIPAL 1,200; E) CLD  
INTEREST 225; F) OIL DEBT TO IRAQ 350; G) ACCEPTANCE CREDITS 670;  
H) OTHER CREDITS 480; I) CENTRAL BANK DEBTS 235; J) CASH AGAINST  
GOODS IMPORT OBLIGATIONS 1,650; K) CENTRAL BANK FOREIGN EXCHANGE  
RESERVES INCREASE 150; L) SUB-TOTAL 5,580; M) 1978 IMPORTS 5,000;  
N) TOTAL NEEDS 10,580. SOURCES (US \$ MILLIONS): A) EXPORTS 2,300;  
B) WORKERS' REMITTANCES 1,200; C) OTHER FOREIGN EXCHANGE REVENUES  
E.G. SERVICES) 280; D) IMPORTS WITH WAIVER 100; E) PROJECT CREDITS  
650; F) CLD ROLLOVER 1,000; G) DEFERRAL OF CASH AGAINST GOODS  
OBLIGATIONS 1,000; H) OIL DEBT DEFERRAL 300;  
C) BANK DEBT DEFERRAL 200;  
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(TOTAL DEBT DEFERRAL 2,500); J) ACCEPTANCE CREDIT FINANCING 350;  
K) IMF 200; L) MEDIUM TERM BANK CREDITS 500; B) 1978 SHORT TERM  
SUPPLIER CREDITS 2,500 (TOTAL FINANCING 3,550); N) TOTAL  
SOURCES 10,580.

2. MOST INTERESTING ASPECT OF PRESENTATION IS THE SHARE COMMERCIAL  
BANKS PLAY IN BOTH NEEDS AND SOURCES, A SUBJECT ON WHICH MR. GEORGE

SHOULD BE PARTICULARLY INFORMED. WHILE NOT PRECISELY BROKEN OUT, COMMERCIAL BANKS PREDOMINATE ON NEEDS IN CATEGORIES C),D),E), G) AND I) WHICH TOTAL 2,505. BANK SOURCES ARE F), I), J) AND L WHICH TOTAL 2050. THIS WOULD MEAN THAT THE COMMERCIAL BANKS WOULD LOWER THEIR EXPOSURE BY ABOUT \$450 MILLION DURING THE YEAR BY COLLECTING ARREARS DESPITE \$500 MILLION IN NEW LOANS.

3. ANALYSIS EXPECTS SHORT TERM SUPPLIER CREDITS (2.5 BILLION) TO CARRY MOST OF THE LOAD DESPITE CONTINUANCE OF COMMERCIAL ARREARAGES IN THE CASH AGAINST GOODS OBLIGATIONS. COMMERCIAL ACCOUNTS PROVIDE \$2,480 MILLION IN NEEDS AND 3,800 IN SOURCES IN GEORGE' ESTIMATESG.

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## Message Attributes

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